

held on Tuesday, the 20th August, 1968 :—

"This House resolves that in pursuance of section 296 of the Income-tax Act, 1961, the following modification be made in the Income-tax (Second Amendment) Rules, 1968, published in the Gazette of India by Notification No. S. O. 1112, dated the 18th March, 1968 and laid on the Table on the 1st April, 1968, namely:

in rule 2, in the proposed rule 11A, for "Rs. 20,000" substitute "Rs. 25,000".

This House recommends to Rajya Sabha that Rajya Sabha do concur in this resolution.'

I am to request that the concurrence of Rajya Sabha in the said motion may be communicated to th^es House."

Sir, I lay a copy of the Judges (Inquiry) Bill on the Table.

THE BANKING LAWS (AMENDMENT) BILL, 1968—contd.

SHRI BHUPESH GUPTA (West Bengal) : Madam Deputy Chairman, I am glad...

SHRI B. K. P. SINHA (Bihar) : Is he speaking on the Bill ?

THE DEPUTY CHAIRMAN : Yes.

SHRI B. K. P. SINHA : I thought he was making a statement on Czechoslovakia.

THE DEPUTY CHAIRMAN: He is speaking on the Banking Laws Bill. We have already taken three hours on this and I would like now the debate to be brief. Now Mr. Bhupesh Gupta, you begin; on the Banking Bill and nothing else.

SHRI BHUPESH GUPTA: I am glad that this House has decided unanimously to refer this Bill to a Select Committee of this House.

Yesterday, my friend, Mr. Akbar Ali Khan, as usual, was under a wrong impression that no witnesses appeared before the Select Committee of the other House. He made such an observation but as I always do I respect grey hair and I did not object to it but I had my own doubts. Now I And from the Report of the Select Committee that witnesses did appear before the Select Committee and gave evidence. My friend, Mr. Akbar Ali Khan, who always support the Government would be well advised sometimes to have a better look at the papers; otherwise his support gets misplaced.

Now I do hope our Select Committee will also make certain important changes. Let it not be said that our Select Committee became a rubber stamp, that when they have amended the original Bill we have nothing to offer by way of amendments to the Bill. That would create the impression as if our not being in the Select Committee did not matter at all and that would justify the stand taken by those who wanted to exclude us from that Select Committee because they would say: 'After all, you see, the Bill has come from the Rajya Sabha Select Committee without any change whatsoever. What does it matter if they were not brought into that Select Committee?' I hope Members of our Select Committee would bear this in mind. It would be a good thing even (from the parliamentary convention point of view that this Bill is amended here and then referred to the other House so that the other House realises that our Select Committee is not to be taken for granted and that our Select Committee has also original ideas and certain concrete suggestions to make. I hope my friends of the Congress Party will bear this in mind in continuation of the very correct stand they have taken in proposing reference of this Bill to a Select Committee here.

Now, coming to the Bill as passed by the Lok Sabha and amended by their Select Committee, I have certain very strong objections to certain clauses. In some respects the Bill has been made worse compared to the original Bill

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that was presented to the Lok Sabha. I shall come to that later on.

First of all, Madam Deputy Chairman, let me state in this House that nationalisation of private commercial banks has long become a truly national demand. Many Members of the Congress Party had also demanded nationalisation of banking just as Members of the Opposition. If you refer to the Select Committee Report of the other House you will find these sentiments and views have been expressed in some notes of dissent. Therefore I treat it as a national demand. One lakh and fifty thousand bank employees in our country have been systematically demanding that nationalisation is the only remedy as far as the banking industry is concerned. This demand has been supported by the entire left democratic movement and also by progressive elements within the Congress Party. I would not include of course in that category gentlemen like Mr. Babubhai Chinai and others. Now it was expected that instead of presenting this hoax, the so-called social control of banking, the Government would come forward, in deference to the wishes of the people, the demand of the country and the requirements of the economy as a whole, with a very clear-cut proposal for nationalisation. They have not done it; on the contrary they have proposed certain measures which are an attempt to bamboozle the people and what is really meant in this Bill is to suppress trade union rights of the bank employees. Unnecessarily and almost in a repugnant manner labour legislation is sought to be introduced in this measure through a particular clause to which I will have occasion to make special reference.

Now, Madam Deputy Chairman, why I say that this demand for nationalisation is a national demand is not because some people are making this demand, not merely because it has voluble support behind it but because this demand is in consonance with our Constitution, with the requirements of our economy and with the fundamental demands of socio-economic reorganisa-

tion in our country. Refer to the Directive Principles of the Constitution and you will find that the Directive Principles speak against the concentration of wealth and economic power but over the 21 years of Congress rule the concentration of wealth and economic power instead of being abated has grown and grown on a unprecedented scale. In no sphere is this concentration so nakedly demonstrated as in the case of the banking industry.

Now, let me have a look at the structure of the Indian banking today. From a total of 566 banks, scheduled and non-scheduled, in 1951 the number has now come down to 109 banks. A large number of banks, mostly non-scheduled, have gone out of existence. In a matter of fifteen years from 473 in 1951 the number of the non-scheduled banks has come down to 33 in 1965.

Then, again, the scheduled banks declined at a much smaller rate from 92 in 1951 to 76 in 1965. I am mentioning this fact only to emphasise that a vertical development of the banking industry has taken place. Smaller banks; have been systematically weeded out of existence, whereas big banks have grown bigger with a tremendous concentration of economic power and resources in the hands of a dozen banks or so. I have already mentioned the decline in the number of banks from 1951. That does not, however, mean that the decline has taken place also in the banking resources, deposits, for example. Deposits with all banks in 1951 came to Rs. 908 crores. By 1965 these deposits had risen to Rs. 3183 crores, which shows that even though the banks are going out of existence, their number was declining, a phenomenal growth has taken place, on the other hand, in the size of the bank deposits. In that background the deposits of the surviving non-scheduled banks come to only Rs. 24.15 crores compared to well over Rs. 3000 crores. That only shows that not only the smaller banks went out of existence, but their deposits, their business capacity and other things steeply declined to the advantage of the bigger banks giving rise to a tremendous concentration of wealth and economic power and:

garnering of the resources and savings of the community by a small number of people controlling at the apex the banking world, about 12 or 13 banks.

(Time bell rings.)

THE DEPUTY CHAIRMAN: Ten minutes.

SHRI BHUPESH GUPTA: Not ten minutes. Yesterday, many spoke. No Madam, then I will not speak.

THE DEPUTY CHAIRMAN: That is all right. We must finish this.

SHRI BHUPESH GUPTA : Let me finish my speech. It is just as well, then do not ask us to speak on this subject in ten minutes. No, Madam, I shall take at least half an hour. Our group has half an hour or you can ask us not to speak.

THE DEPUTY CHAIRMAN : That is not the point. Time has been allotted and every Member should consider that the other Member must also get some time.

SHRI BHUPESH GUPTA: That should have been remembered yesterday. There was no speaker yesterday, and today because I am speaking I have to suffer. Anyway, I am not dying to make a speech.

THE DEPUTY CHAIRMAN: I do not think anyone yesterday took more time. I do not think so. I was here till four o'clock.

SHRI BHUPESH GUPTA: That is all right.

THE DEPUTY CHAIRMAN : And even after that everyone has co-operated.

SHRI BHUPESH GUPTA: Not only that. I am withdrawing from that. Take out our names from the the Select Committee. Madam, for five days it was discussed in the Lok Sabha.

THE DEPUTY CHAIRMAN : This Bill is going to a Select Committee The Business Advisory Committee has given it, I think, five hours. We have already taken three hours and two

hours are left. The list is so long with me. Now, if everybody has to be accommodated, then everybody who participates in this debate must consider the other man's position, the other Member's position also. So, ten minutes are given.

SHRI BHUPESH GUPTA: I should like to know how much time our Party gets.

THE DEPUTY CHAIRMAN: I do not know party-wise, but then only ten minutes each.

SHRI BHUPESH GUPTA: What is the use of always interrupting me by saying ten minutes when I am developing my point ? Tell us how much time you give to our Party. I shall not accept it.

THE DEPUTY CHAIRMAN : Fifteen minutes or twenty minutes.

SHRI BHUPESH GUPTA: Fifteen minutes to a Party ?

THE DEPUTY CHAIRMAN: You can never get more than twenty minutes, when only five hours have been allotted. And now one Member from each Party.

SHRI BHUPESH GUPTA: Yesterday, again I do not want to conflict with other people in this matter. I do not wish to conflict with other people. If I do not have a fair say in this matter, I would rather not speak, because it is becoming a ritual. Then, I would request the Leader of the House to see that a fair discussion takes place on a matter like this. This is the first time we are discussing the Banking Bill. We never discussed it. Suppose you say five hours, then the point will be henceforth we shall not go to the Business Advisory Committee meetings. We shall discuss the business of allotment of time here.

THE DEPUTY CHAIRMAN: Your Party is represented.

SHRI BHUPESH GUPTA : I will see to it that we do not attend the Business Advisory Committee meetings. Madam, in the Lok Sabha the Bill was originally discussed for some days.

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Then, when it came back from the Select Committee—yesterday I went through the proceedings—discussion took place for a few days. Here you want to dispose of it like that just because of time. Then, our Leader of the House should be here. Where is he now? He should fix the time and extend the time, because I do not think, Madam, that the discussion can take place in this manner. If you think that I am making certain irrelevant observations, you can say so. We study this thing on the assumption that we shall be able to place certain points of view before Parliament and hon. Members. If you do not like it, it is better that we are told of it before, so that we do not burn the midnight oil in studying things. We are not fashionable politicians here. Therefore, all that I request you is; let the time be extended.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT) : In fairness to what you have said, may I point out to Mr. Bhupesh Gupta that this is only for reference to a Select Committee?

THE DEPUTY CHAIRMAN: I have told him.

SHRI K. C. PANT : Five hours have been allotted for the consideration and passing of the Bill. That distinction must be borne in mind.

SHRI BHUPESH GUPTA : Whatever be the distinction, I hope the House will agree with me at least on this point that a Bill like this should not be hustled through. Certainly I would like to hear other points of view. We have differences amongst us.

THE DEPUTY CHAIRMAN : As he has refreshed my memory, five hours are for consideration and passing of the Bill.

SHRI BHUPESH GUPTA : All right.

THE DEPUTY CHAIRMAN: Now, it is only for a Select Committee.

SHRI BHUPESH GUPTA: Henceforth I shall ask our Member not to

be there and I dissociate from the Business Advisory Committee and I shall have the right to discuss the business here. I will resist this kind of punishing it through Parliament because the Government cannot arrange its business. I am not blaming you. A Bill like this should be given ample time. I can even speak extempore for five hours. Even when I have prepared something and hardly I have started and I started giving certain figures, immediately I am reminded of the time, as if the time reminder was here yesterday.

(Interruption.)

SHRI AKBAR ALI KHAN
(Andhra Pradesh) : Madam Deputy
Chairman ...

SHRI BHUPESH GUPTA: That is all right. You have said it. I know how to tackle it in future.

SHRI AKBAR ALI KHAN : He forgets things. So far as I have seen, I have never said that no witness came there.

SHRI BHUPESH GUPTA: No, no. Yesterday you said it. I stand corrected.

SHRI AKBAR ALI KHAN : So, I am saying, do not forget things.

SHRI BHUPESH GUPTA : I will see what you have said. How do I know you read the proceedings correctly? (Interruptions.) Madam Deputy Chairman, that is all right. I am sorry, but I hope I will not be disturbed. Everything should not be taken as a fun. This is a serious matter. You can say that the time is not there, but"; there are people who come thoroughly unprepared and make a speech. They do not read any books. For them it is all right.

SHRI K. C. PANT: Why not give the names?

SHRI BHUPESH GUPTA : You will see it as I proceed. The man at least rightly or wrongly has made some study of the subject. Anyway, I shall skip some of these points. I am very sorry that I do not have the time to

elaborate them. Therefore, the concentration, as I said, took place, vertical growth took place and the deposits mostly went to the big banks. What are the figures for it? According to the reports of the Government and even the survey made by the Congress Party, or shall I say, under the aegis of the Congress Party,—I believe my friend, Mr. Chandra Shekhar, took some initiative in it—this is the position. I have carefully read the publication. It appears that private banks with deposits of Rs. 1 crore and more number only seven. Their paid-up capital is Rs. 20 crores, but their deposits came to Rs. 1369 crores equivalent to 67 per cent of the total deposits. Here 67 per cent of the total bank deposits is concentrated in the hands of seven banks. These seven banks are controlled by five or six families. These seven banks gave credit of the order of Rs. 985 crores. Out of the total bank credits advanced to various concerns or parties, 64 per cent came from the seven banks. Therefore, the seven banks are in a position to command the deposits which are the savings of the community. They are in a position to distribute and disburse these deposits by way of loans and credits. Yet the fact remains, Madam Deputy Chairman, that these deposits are collected from the common people. The depositors are about 1.2 crores or so in the country. Only 30 per cent of the depositors, if you take it that way, come from the industrial sector. The bulk of the depositors fall in the lower category. It is their money, their savings, the savings of the community that get concentrated in the hands of a few families through the mechanism of banking.

Again, according to another figure you find that 13 banks account for 73 per cent of the total deposits. This is the position. Therefore, among them again there are certain foreign banks. Madam, foreign banks in our country, 13 foreign banks operating in India. Their total deposits as on March 1968 amounted to Rs. 407.76 crores. That only shows that even, the foreign element is quite strong in his industry that way. Here I

should like to point out that if you see the giant private banks, their total deposits came to Rs. 372 crores in 1960. It was 29 per cent in 1960. Today it is Rs. 1,361 crores, 67 per cent. It is such a phenomenal rise in a period of five years. That only shows how things are moving.

Another aspect is, we talk about regional disparities and other things. Deposits are collected from all over the country. But the monies are spent, because of concentration of wealth, in West Bengal, Maharashtra, Madras, Gujarat and Mysore. Other States are not getting their due share although the deposits are coming from those States. That contributes to regional disparity because of lack of bank accounts and in view of the fact that deposits are collected and spent in five States of India including my own State. If you look at the bank offices all over the country, you will find that scheduled banks have 3,065 bank offices in these five States out of the total offices of about 6,000 or so, more than half. The bank offices in the country are located mainly in those five States. That gives the picture which is a very telling one.

Madam, coming to the bank credit advances, I should like to point out that bank credit was Rs. 2,029 crores for the year 1965. That is the official figure. Out of that, an amount of Rs. 1,287 crores was extended for industrial purposes. Another Rs. 536.8 crores was given to commerce. So, 87 per cent went to industry and commerce of the total bank credit extended by all the banks in the country put together. Yet our agrarian economy suffers. How much the agrarian economy got in this connection? In respect of agricultural loans, the total bank credit declined from 3.8 per cent to 0.2 per cent between 1953 and 1965. This is the position. Therefore, this sector which produces one-half of the national output is starved of credit accommodation. That is another reason why we should nationalise banks.

The Chairman of the State Bank of India made a statement in which he said that 78 per cent of the advances of the State Bank goes to the private-sector, and 19 per cent goes to the

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public sector. Our banking has been so arranged that even the State Bank is not helping the public sector and money is being funnelled into the private sector.

Madam, it has been shown by economists and other research documents that Rs. 600 crores to Rs. 700 crores annually are advanced to the business concerns in which the directors have direct or indirect interest. According to the Mahalanobis Report the advances to concerns in which the directors have interest come to about 14 per cent of the total advances. In the case of the State Bank, which should set a better example, the percentage is 30. Therefore, the State Bank instead of setting the tone in a proper way does exactly the opposite. I need not give more facts about it. Therefore, the concentration has taken place. Monies are being spent to build up monopoly capital in the country. Interlocking is taking place. Small-scale industries suffer. Regional disparities continue because of lack of credit facilities for the majority of States in our country compared to a few chosen places. Such is the picture of the banking world. It has given rise to malpractices and corruption. It has given rise to speculation in foodgrains and other commodities, and even when the foodgrains production declined in the country, bank advances on agricultural account, for agricultural trade, came to Rs. 70 crores. Normally it is treated as Rs. 40 crores to Rs. 50 crores good for financing grains trade, which means speculation. Similarly many things are happening. I do not go into those things. There is every justification for nationalisation because otherwise you cannot control it.

The final point is, since there is no time and I have been asked not to speak much, about the two clauses, I have objection mainly to the clause whereby they want to amend section 36AD. Here I do not go into details. This has been imported into this Bill. Even Shrimati Sucheta Kripalani, by no means a radical, she is conservative in every aspect of her life, even she has taken exception. *(Interruption.)* She

is conservative. She would support me when I say she is conservative. Even she has appended a note of dissent saying this particular clause should not be introduced here which seeks to attack the trade union rights, and so on. To save time I do not go into that. The entire working class is protesting against it. Even yesterday there was strike; all over the country there is strike, resistance against it. Working people are opposing it. We have opposed it. Shri Morarji Desai, the great Finance Minister, the would-be dictator of our country, thinks that it must be there and it must be there. He is of opinion that he must have it there and it should be there; that is why it is there. Madam, this has been done in consultation with the bank owners and bank barons, and this has been stated on the floor of the other House. Even when the bank owners, bank barons came to make their submission to the Select Committee of the other House, in their memorandum they said that the Bill falls in line with their thinking. Well, the Bill does not fall in line with the thinking of the Congressmen there. One community which has acclaimed the Bill as falling in line with their thinking is these very bank barons responsible for profiteering and speculation and for creating misery in this country in many ways and building up empire after empire of Tatas and Birlas. In consultation with them, Madam, this pernicious clause, which is an attack on the trade unions, which prejudices the work of the Gajendragadkar Commission, the National Labour Commission, which is intended in the name of maintaining discipline to intimidate and terrorise the bank employees and to provide satisfaction to the bank barons, is being provided. The other day my friend, Mr. Chinai—he is not here now—said, this is good; in fact, this provision should be incorporated in every act. That is the law that the capitalist class wants—this class should be incorporated in every measure, in every Bill that concerns the capitalist interest so that the gentlemen can frown upon the working people, let loose the police upon them. And what is more shameful, this is made a cogni-

zable offence. A harsh punishment is provided for and there is no use of seeing to violent demonstration and other things. It is for the management to say what demonstration is violent according to them, and I know what they are going to say. This is an unjust and an absolutely unwarranted interference in the sphere of labour relations. And it is surprising that Mr. Hathi, our Labour Minister, is completely indifferent to what is happening. Well, I should like to know: Have we a collective Government with the responsibility properly divided or are we living under a kind of empire in which the Finance Ministry arranges, rules, the entire shows? Mr. Morarji Desai never consulted anybody and in the other House he said, yes, I have consulted the bank barons. Why did he not consult others including the Labour Minister? And it is well known that the Labour Ministry of the Government of India does not like this intrusion and interference. It is an aggression, legislative aggression, into the domain of others, quite apart from being an open, blatant challenge to the bank employees.

We thoroughly oppose this measure with all the indignation at our command. It is a shameful measure which behaves dictators and fascists. This is a measure not to help industrial peace, not to maintain industrial stability, not to help the working of banking. It is a measure intended to serve the moneyed and capitalistic class—Rs. 45,000 to the Bombay Congress Committee and another Rs. 25,000 to the Gujarat Pradesh Committee; cheques have been sent through the well-known Mr. Kantilal Desai. Such is the position. Therefore, I strongly oppose it. I would ask the Select Committee—I would call it my Select Committee—to consider this thing. It will be a great day when men like Mr. Dharia, Mr. Chandra Shekhar and others went there to the Select Committee to strike off the shame and dishonour which are sought to be incorporated in a measure which is called the Banking Laws (Amendment) Bill.

Finally, Madam, in another clause the Reserve Bank is being given un-

bridled power. That should not happen. Why should the Reserve Bank be given that unbridled power?

For lack of time, I would not say anything more. There are certain clauses which have been amended in order to suit the interests of the monopolist class. For example, the definition of substantial interest is there. It was 10 per cent, now it has been made 5 per cent and so on. Hon. Members can examine this thing.

These are some of the observations that I have made with regard to this measure. We wanted a nationalisation Bill put forward before us. But Mr. Morarji Desai advised and counselled by the bank barons and bureaucrats has given us a grotesque perversion of a legislative measure which is an insult to common sense, which is a big hoax, in order to bamboozle the people. One thing is clear that the anti-working class, anti-people, undemocratic Mr. Morarji Desai has once again displayed in this proposed measure his deep faith in authoritarianism, in suppression of the trade union rights of the working class, in the accumulation of wealth and the concentration of economic power in the hands of a few who provide employment to his dear and near ones and also provide him incidentally with what they call terminal benefits.

SHRI M. M. DHARIA (Maharashtra) : Madam, the House may be aware that it was in the month of June, 1967 that the All India Congress Committee passed its Resolution regarding the Ten Point Economic Programme and it was then decided to have social control over banking by the All India Congress Committee. It was the view of many members that without nationalisation of banking it would not be possible to give credit facilities particularly to the agriculturists and to the weaker sections of the society and the new enter-preneurs. And it was from this point of view that many of the members including myself were insisting on the nationalisation of banking. It was not accepted. And it was then decided to introduce this social control on banks.

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It was then also argued that social control over banking included nationalisation of banking. And from that context, when I look at the Bill, I am really sorry to state that this Bill is not going to achieve what was intended by the All India Congress Committee by its Resolution. The Bill as was introduced on the 23rd of December, 1967 came up for discussion in the month of March, 1968, and it was on the 26th of March, 1968 that it was referred to a Select Committee. My friend, Mr. Bhargava, told the whole history. Had it been referred to a Committee of both the Houses, the delay that is being caused and that has been caused would not have been there. And in spite of the fact that it is not a Money Bill and that both the Houses can have their Joint Select Committee, even though the rules are clear, the Government did not do that, and naturally the whole delay is being caused.

SHRI K. C. PANT : May I point out that it is not a Money Bill but a Financial Bill which attracts that particular provision ?

SHRI BHUPESH GUPTA : No, no.

SHRI M. M. DHARIA: I have read the rules. When that Bill was then introduced and sent to the Select Committee of the Lok Sabha, I had raised that point in the House. I have read the Rules and Regulations of the Lok Sabha also. And I have brought it to the notice of the House that there is nothing to prevent, in the Rules of the Lok Sabha, the referring of a Bill concerned with financial matters to a Joint Committee. Where there are provisions like labour provisions, how could it be a Money Bill ? Under these circumstances ...

SHRI K. C. PANT: For your information, if you want to take it, we did consult the Law Ministry and it was their view.

SHRI BHUPESH GUPTA: Did they say that this Bill cannot go to a Joint Select Committee?

SHRI K. C. PANT: Without making, a certain provision ...

SHRI BHUPESH GUPTA : You know very well that there may be certain provisions in a Bill which have financial aspects. But that does not make a Bill a Money Bill.

SHRI K. C. PANT: I can go into the matter in detail but I do not want to. I have studied the matter. I would only say that we did consult the Law Ministry.

SHRI M. M. DHARIA: I concede that the Finance Ministry has consulted the Law Ministry. I have nothing to say from that point of view. But then I will have to say that the Law Ministry requires a lot of refreshing. They failed to understand the legal provisions and in interpreting the rules and regulations as they stand today. If that is the opinion given by the Law Ministry, I am prepared to have my discussion with any...

SHRI BHUPESH GUPTA: Did you ask for the opinion of the Supreme Court ? Under your Constitution, you can easily ask for the opinion of the Supreme Court.

SHRI M. M. DHARIA : Anyway, I would like to say that ultimately this delay is being caused, this sort of time is being taken by the Government, by interpreting and misinterpreting the rules. Without entering into this aspect, may I say: what are we going to achieve through this Bill as it is today? The Bill was sent to their Select Committee. And I am sorry to say that the Bill which was introduced has become more retrograde by the Report of the Select Committee. Madam, there are several provisions. I am going to observe the time-limit. I am not Mr. Bhupesh Gupta nor do I have that privilege of being Mr. Bhupesh Gupta. Naturally, I will not go into all those things.

SHRI BHUPESH GUPTA: I offer you that privilege. I will gladly leave this seat and go there.

SHRI M. M. DHARIA: There are several amendments where the Select Committee has not maintained even.

the very spirit which the Bill had when it was introduced. May I request the new Select Committee to examine the pros *and cons* and to see that this Bill is meant to achieve a particular social objective ? If we refer to some of the figures as they stood on 31-3-67, the total number of those who were having their accounts in the various Scheduled and commercial banks was 10,56,311. And out of them the number of those who were having their capital of over Rs. 5 lakhs was 9,336. And, Madam, you will be surprised to know that out of the total amount of Rs. 2,716 crores excluding the advances made to the Government and financial institutions, an amount of Rs. 1,900 crores, 70 per cent, of the total amount has been advanced to those with a capital of Rs. 5 lakhs or more. And, Madam, to those who had a capital between Rs. 1 lakh and 5 lakhs, nearly 14 per cent., which comes to about Rs. 385 crores, had been advanced. And to those below Rs. 1,50,000, the amount advanced was to the tune of Rs. 125 crores which comes to 4.26 per cent. But to those with an investment of less than Rs. 10,000 the percentages comes to only 3.8. This accounts for 7,83,113 account holders who are nearly 74 per cent. This is how these banks and their depositors are concerned by those who are having a major say in this matter.

Madam, the total investment, as we know, of these banks is to the tune of Rs. 44 crores. Thus the big capitalists and monopolists who do not have more than Rs. 35 crores manage to have Rs. 1,900 crores for their own use. It is in this context that we are urging for the nationalisation of banking. But if the hon'ble Finance Minister is prepared to give a major share to those who are in need of it, particularly for our agriculture, I am not here to quarrel whether the words should be "nationalisation of banking" or "social control". I am concerned with the social purpose, the social objective, and from that point of view I regret to say that this Bill is not going to solve that purpose. That sort of direction is not always found in the Bill.

5—28 R.S./68.

Madam, so far as this Bill is concerned, it is divided into three parts. The first part is common. The second part is for amending the banking legislation and the third part is for amending the Reserve Bank of India rules. Madam, here, again, had there been two Bills it would have been better because to amend two laws under the same law will not be a proper thing. I do not know whether any consideration was given to this point or not.

Coming to the Bill as it stands today, may I draw the attention of the House to section 36AD ? A lot of agitation has taken place in this country. The point is whether this sort of provision is necessary or not. What is this Bill meant for ? If it is a Money Bill, as was rightly said now by the hon'ble Finance Minister—first he said Money Bill and then he said Finance Bill—why is this provision inserted in the Bill ? May I bring to the notice of this House the Indian Penal Code as it stands today ? I would like to draw the attention of this House to section 339 of the I.P.C, which very clearly lays down :

"Whoever voluntarily obstructs any person so as to prevent that person from proceeding in any direction in which that person has a right to proceed, is said wrongfully to restrain that person."

Then section 340 says :

"Whoever wrongfully restrains any person in such manner as to prevent that person from proceeding beyond certain circumscribing limits, is said 'wrongfully to confine' that person."

Sections 341 and 342 prescribe the punishment for committing that breach. Now what does section 36AD under clause 15 say ? It says :

"(1) No person shall—

(a) obstruct any person from lawfully entering or leaving any office or place of business of a banking company or from carrying on any business there ..."

and all that. I will not go into the whole of it. When this provision is existing in the Indian Penal Code what

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is the need of having this redundant provision ? Again, Madam, if anybody commits any mischief against any person or property there is provision for proper conviction. That also could be taken advantage of.

Again, Madam, section 504 of the I.P.C., is very clear. It says :

"Whoever intentionally insults, and thereby gives provocation to any person, intending or knowing it to be likely that such orovoeation will cause him to break the public peace, or to commit any other ofieuce, shall be punished with imprisonment of either description for a term which may extend to two years, or with fine, or with both."

The imprisonment that is prescribed here is two years while in the new Bill it is six months.

Besides, Madam, there is section 511 which, again, is a general section of the I.P.C., which says:

"Whoever attempts to commit an offence punishable by this Code with imprisonment, or to cause such an offence to be committed .. shall be punished for a term which may extend to one and half of the imprisonment for life ..."

Even an attempt to commit an offence is punishable. When all these provisions are there, what is the need of introducing this new provisions in this Bill ? Besides this, have you not adopted in this country a particular Code ? If any legislation has to be enacted concerning labour, then it is the Tripartite Indian Labour Conference which will go into it which the Government has so far respected. But in this matter the Government has not respected that particular code of conduct which is expected of the Government. May I know from the hon'ble Finance Minister why they should unnecessarily agitate these employees who are working for this country ? I would like to know our approach and attitude towards nationalisation of banking or social controls over banking ? The employees of the banks are not

mere employees; they are partners in this industry and we want all possible co-operation from these employees. If that co-operation is to be gained, this is not the way of treating the employees. I oppose tooth and nail this decision. I am here to appeal to the hon'ble Finance Minister and the Select Committee to withdraw this provision from the Bill. It is not at all necessary. It is not at all called for when similar provisions exist in the Indian Penal Code.

(Time bell rings.)

Madam, there are other points too but since you have rung the bell I feel we should all co-operate with you. The Bill is going to the Select Committee. They should take into consideration all these aspects and bring forward a Bill which would revolutionise the country, which will satisfy the needs of the country, which will make credit available particularly to agriculturists, to the poorer and the weaker sections of the society and to new entrepreneurs and the hold of these monopolists and industrialists in this country which is becoming more and more firm will be broken by the new approach which is expected of this new Select Committee.

SHRI A. P. CHATTERJEE (West Bengal) : Madam Deputy Chairman, in fact, when Mr. Dharia was speaking I thought that he was crying and crying in the wilderness because whatever thoughts he may have of revolutionising the economy of the country—perhaps he was thinking of social transformation of the country also—I can assure him that this cannot happen as long as the present set-up continues.

SHRI M. M. DHARIA : Madam Deputy Chairman, only to-day we came to know the way in which their parents and forefathers have been functioning.

SHRI LOKANATH MISRA (Orissa): Did he require this much time to get disillusioned?

SHRI A. P. CHATTERJEE : Madam, Deputy Chairman, we have seen a lot of talk about social control, but really it has come out from various Members

of this House that we do not have anything of social control here. We have some governmental control to be exercised through the Reserve Bank over certain affairs of the banking companies. Now the whole point is this, whether governmental control over certain affairs of the banking companies can be equated with social control or not. On that, Madam, I have got my serious doubts. Well, even if the governmental control were extended by this Government to even the minutest detail of the banking companies—which, of course, is not being done as far as this Bill is concerned—even then, Madam Deputy Chairman, I would be compelled to say that this Government, being a Government which looks to the interests of the monopoly capitalists, cannot but exercise such control in favour of the monopoly capitalists. So the whole position is this, that we are trying to usher in Government control over the banking companies, but in the name of Government control over banking companies, the Government really wants to impose upon the banking companies a sort of control which will again increase the power of monopoly capitalists in the economic sector of this country. And that is quite clear from the fact that this Bill does not go one fundamental step forward in the matter of liquidation of the power and strength of the monopoly capitalists. What it has done is merely to have something of a say in the matter of appointment of board of directors and in the matter of granting of loans to certain firms and companies. That is what it has done. Even then, if you analyse section 21 which is being sought to be put in the Banking Companies Act, you will find that loans can be granted to companies registered under section 25 of the Companies Act, loans can be granted to companies where the directors may have an interest of up to Rs. 5 lakhs, loans can be granted to firms in which the directors or their relations or their connections may have an interest up to 10 per cent of the assets of the firm. This is all that is there. And through that chink, many a corruption will creep in and we know how such provisions are

taken advantage of by the monopoly capitalists in order to advance the gains which they have already made, and in order to advance their own interests. Therefore, Madam, actually this Bill is not a Bill for social control at all. It is a Bill which is meant to streamline the functioning of the capitalists. Now this Bill was intended to streamline the working of the banking companies so that the loopholes may be plugged, the defects in the working of the machinery of the banking companies may be zomedied, and the banking companies may be made to discharge their functions more effectively and efficiently. That is the purpose which emanates and emerges from this Banks Act. But there is one control which in the name of social control is being sought to be introduced. And, Madam, it is said that this control is being sought to be smuggled in in the guise of social control. Actually it is a bureaucratic control, an intolerable Government control over the employees of the banks. Many a thing has already been said on the floor of this House in regard to that, and at the risk of repetition, Madam, I will say that control over the employees of the banks is the real purpose of this Bill. It looks like that because whatever other provisions are there in the Bill, they will not achieve the boasted purpose, the purpose which is being bragged about by the Ministry concerned, the purpose of reducing the gains of the banking companies and seeing that the monopolists do not take advantage of the depositors' deposits in the interests of their profits. That purpose is not going to be achieved. The purpose which is going to be achieved is the purpose of jmtting a muzzle, so to say, on the working people there in the banks. And that is why with some amount of fanfare this Bill is being brought, calling it a social control measure. In the guise of social control, they are putting further and greater restrictions on the trade union rights of the employees.

Madam Deputy Chairman, section 36AD has already been read and reread before you. Section 54AA has also perhaps been mentioned before

[Shri A. P. Chatterjee]

you. And what are those provisions? These provisions are not merely provisions to prevent unlawful obstruction. Unlawful obstruction, if at all there is unlawful obstruction, can be prevented by the ordinary law of the land. The provisions of section 36AD are more far-reaching. Look at the provisions, Madam Deputy Chairman. It may be seen how dangerous and how serious these provisions are as far as the employees are concerned. I can understand the provision about obstructing any person from lawfully entering or leaving any office. I can understand if it stood alone. If that stood alone, it may be said that perhaps there was some *bona fide* reason for framing this part of the Bill. But look at what follows thereafter. It is said that "No person shall hold, within the office any demonstration. . ."—I am leaving out the word "violent"—"which prevents or which is calculated to prevent, the transaction of normal business by the banking company;" Madam Deputy Chairman, I do not know a drafting which is more vague, more wide and more sinister in its scope and content, because the discretion, it appears, has been given to the authorities concerned and that discretion, to interpret the provisions, is to this effect that even a most innocent trade union activity may be said to prevent or to be calculated to prevent the transaction of normal business by the banking company. Take for example, the right of the employees there to have a pen-down strike. That right of the employees to pen-down strike is an age-old right, a right which has been recognised, a right which has been often asserted and which is often asserted. But according to this section, it may be said that that pen-down strike prevents or is calculated to prevent the transaction of normal business by the banking companies. Yes, the pen-down strike certainly prevents in a way the transaction of normal business by the banking companies. But should such an inalienable trade union right be curbed in this fashion? Look at the Fascist punishment provided in sub-section 2 of section 36AD—6 months' imprisonment and fine of Rs. 1,000.

Naturally what will follow is dismissal and all that. Now what I am submitting before you, Madam, and before this House is this : Why should this sacred trade union right to demonstrate and by that demonstration to draw the attention of the banking authorities to their grievances, if in the course of drawing their attention it results in disturbance to the transaction of normal business, be interfered with? It does not end there. It says "act in any manner calculated to undermine the confidence of the depositors in the banking company". Never have I heard or seen such a wide formulation in the framing of a penal statute, a formulation which is so wide in its scope and which spreads its net so wide that any innocent demonstrator, any innocent trade unionist may be punished with imprisonment and may be punished with this heavy fine of Rs. 1,000. That also does not end the story. Just look at section 54AA according to which the Reserve Bank may transfer any of its employees to other public sector concerns. Now that itself shows that the Reserve Bank is being given the blanket right of transferring its employees if they are found undesirable according to it. That is an instrument given in the hands of the Reserve Bank authorities in order that they may use this instrument for the purpose of suppressing the trade union movement there. Therefore, Madam, what I am saying is that this is a Bill the pith and substance of which is not social control, the pith and substance of which is further governmental control and regimentation of the employees of a banking company.

SHRI LOKANATH MISRA : What else is nationalisation and socialisation ?

SHRI A. P. CHATTERJEE: Madam, as far as nationalisation is concerned, I can understand that nationalisation would be real control of the capitalists and the monopolists but here, as I have just now shown to you, there is no provision in the Bill which effectively restricts the operations of the financial tycoons who operate the banking companies. I am in favour of governmental control, I am in favour of complete

nationalisation of the banking companies but certainly, as far as trade union rights are concerned, these rights cannot be allowed to be trifled with. If it were the nationalisation of the banking companies, certainly it would have been welcomed by many of us but it is neither here nor there as far as nationalisation is concerned. As far as oppression of the employees is concerned, the bill is complete in all its details.

Madam, there is also a provision relating to taking over the banking companies. Now that may look very nice and people may say "Well, after 20 years of independence a provision is being sought to be enacted by which the banking companies may be taken over". But then, Madam Deputy Chairman, look at the section which gives all this power to take over the banking companies. As far as I have been able to see, there is not a single word about the granting of loans. It is only said that if they do not comply with the directions of the Reserve Bank given under section 21 and section 35, that is to say, the directions to give effect to the financial policy formulated by the Reserve Bank, then only the Reserve Bank may think of taking over the banking company. But what about the loans? There is this provision in section 21; that provision is also not very thorough and not very comprehensive. Even then there is some provision that you cannot give a loan to a company in which a director has an interest of more than Rs. 5 lakhs. Suppose a banking company gives a loan to a company in which a director has an interest above Rs. 5 lakhs. Then this section is silent, whether on that ground this banking company will be taken over or not. Therefore, Madam Deputy Chairman, what I am saying is that this is going to the Select Committee. I certainly support the motion for its reference to the Select Committee but let the Select Committee know our views and let it act accordingly. I am saying this because I would like the Select Committee either to change this Bill in such a radical manner as it amounts to nationalisation—but I do not think the

Bill as it is can be radically altered— or to advise the Government that this particular Bill be immediately dropped because this Bill is pernicious in its application. The only object of this Bill, as far as I have been able to see, is to put further curbs and pernicious and disastrous curbs upon the trade union rights of the employees. That is what I would like to say while supporting the motion for referring this Bill to the Select Committee. Thank you.

SHRI ARJUN ARORA (Uttar Pradesh) : Madam Deputy Chairman, I agree with much of what my friend, Mr. Mohan Dharia, has said about this Bill. I personally feel that this Bill which is described as a Bill of social control has only one moral for the future. People should not use vague phrases. The phrase 'social control' was used at the Ernakulam meeting of the AICC in 1966 by no less a Radical than Mr. Krishna Menon. Mr. Krishna Menon envisaged that social control is something superior to nationalisation and that it will come only after nationalisation. That was Mr. Krishna Menon's conception of 'social control'. He thought it would come only after nationalisation. We have seen that the State Bank of India is supposed to have been nationalised but the fact is that it is under the control of bureaucracy worse than even the private sector. It was this aspect, that nationalisation in many cases meant control of bureaucracy, that led Mr. Krishna Menon to use the phrase 'social control'. But in the hands of Mr. Morarji Desai the phrase 'social control' has become a mockery; it has become the control of or the perpetuation of the control of unsocial elements. In certain aspects it gives the Reserve Bank greater rights but the Reserve Bank is in its turn controlled by two sets of authorities; one is the Finance Minister . . .

SHRI S. S. MARISWAMY (Madras): What type of control would you like to have, Russian type of control?

SHRI ARJUN ARORA : I like to have a better type of control, a control

[Shri Arjun Arora]

in which people have some say, a control of the people and in the interest *bi* the people. Madam, it is well known that ownership is the essence of control. As long as ownership is in the hands of certain private individuals, there can be no social control. And if we want social control we should work for social ownership with which Mr. Mariswamy unfortunately does not agree. Social purpose can be served only if the banks are social property and for that nationalisation is a pre-condition. Real social control can come only after nationalisation, after at least the end of private ownership, after the end of private investors and their rights. Unless that is done, no social purpose can be served and banks will remain even after this Bill is passed— as it will perhaps be—a handmaid of the rich collecting money from the poor to make advances to the rich in order to make them richer. I hope we will see that the politicians and others give up the practice of using vague phrases. That is something which we should learn from this experience of social control being in fact made personal control of come individuals.

Madam, there are two clauses in this Bill— clause 15 and clause 28 which are highly objectionable. These two clauses seek to amend labour la'ws. We in this country remember very well what happened pf ter 1957. The Finance Ministry under the stewardship of Mr. Morarji Desai after 1957 decided to undo the achievements of the Fifteenth Indian Labour Conference in July 1957. The Labour Ministry then headed by Mr. Gulzarilal Nanda had made a notable achievement. And that achievement was about the wages being fixed according to the need of the workers. The concept of needbased wages was unanimously recommended by the Indian Labour Conference in July 1957. Mr. Morarji Desai, the then Finance Minister, decided to undo the achievement of the Ministry of Labour and when the Chairman of the Second Pay Commission asked him certain

clarifications about the Government's acceptance of the concept of need-based wages, Mr. Morarji Desai, the then Finance Minister, wrote to the Chairman of the Second Pay Commission that whatever the Labour Ministry did was not binding on the Ministry of Finance. And since then, since that day, the Government employees in the country have a grave sense of grievance. Now, the same Mr. Morarji Desai is again our Finance Minister and he is amending the labour laws. What the Constitution of India concedes to the employees, what the Trade Union Act concedes to the employees and what the Industrial Disputes Act permits is being taken away, not by a labour legislation, not by an act of the Ministry of Labour, but by the introduction of clause 15 in this Bill which is supposed to provide for social control. There will be no social control as a result of this enactment. The only achievement will be that the control of bank executives over the bank employees will become greater and their right of demonstration, their right to strike, their right of picketing will be taken away. The right of demonstration is a fundamental right. It is a part of the right to organise, the right of organisation. That is being taken away.

Picketing and a concerted move on the part of employees is a well-recognised trade union practice. Even the biggest capitalist country, the United States, has not passed a labour law or any law against picketing by workers. But here in this country in the name of social control, in the name of a socialistic pattern of society we are seeking to ban picketing. Clause 15 is so worded that the right to strike is also being taken away. And as a matter of fact, clause 15 is such that it appears all trade union activity on the part of bank employees will become illegal in the hands of conservative bureaucracy aided and abetted by the Ministry of Finance, because clause 15 in the name of prevention of transaction of business introduces again such a vague concept that all trade union activity is in danger.

Madam, it is obvious that this Bill is an anti-Labour Bill and unless the Select Committee, in its wisdom, alters it, it will be the duty of every progressive-minded individual, as a matter of fact every decent democrat, to oppose this Bill and to reject it rather than have a little change in the directorship and pay for it by curtailing trade union activities. We will be better without the so-called social control.

Another pernicious clause is 28 which introduces section 54AA and gives the Reserve Bank the power to depute its employees to other institutions. Madam, no deputation can be made without many conditions—the consent of the employee, the deputation allowance and all other things. But here the Reserve Bank gets unlimited authority to get rid of trade union workers. This clause 28 which introduces section 54AA will open the flood-gates of victimisation of trade union workers as far as the Reserve Bank is concerned. I hope and trust that the Select Committee will drastically alter this Bill. If it does not, it will be the duty of this House to throw it out. Thank you, Madam.

SHRI M. K. MOHTA (Rajasthan) : Madam Deputy Chairman, I would like to make some brief observations on this very important Bill with very far-reaching consequences. First of all, I would like to make a few observations on the general credit and banking policy pursued by the authorities which has come in for a great deal of criticism. The point that I would like to make is that the policy was made by the Reserve Bank of India as guided by the Central Government. The credit and banking policy was not something which was made by the commercial banks themselves. They simply followed the directive, the guidance given to them by the Reserve Bank and by the Central Government. The Governor of the Reserve Bank, Shri L. K. Jha, stated before the Select Committee that in the initial stages, the Reserve Bank was really concerned with the safety of the depositors' money and that was the guiding principle. So if the banks followed the

guiding principles laid down for them, they cannot be accused or blamed or criticised at this stage. It was only later on that the accent was on industrial development and since then the loans to industrial concerns naturally rose from one-third to two-third of the total advances. Here also the banks only followed the principles laid down for them. Regarding the specific allegation that the commercial banks did nothing for agriculture, may I point out that unfortunately the blame is being placed at the wrong doors. I am not prepared to admit that the policy that was framed years ago was totally wrong. In the circumstances then prevailing this was the only correct policy that could have been framed. It was the clear policy of the Reserve Bank that agricultural credit ought to come from the co-operative sector and this conclusion was reached after a number of committees went into this question quite deeply. I would refer to the conclusions reached by the Rural Banking Enquiry Committee, 1950, the Rural Credit Survey of the Reserve Bank, 1954 and the Vaikunthlal Mehta Committee on Cooperation, 1960, all of whom came to the conclusion that the cooperative sector was the correct agency for providing credit to agriculture and not the commercial banks. It is only now that it is being felt that in the changed circumstances, the commercial banks ought to play a bigger role in providing credit to the agriculturists. May I point out that since this conclusion has been reached due to the changed circumstances, I think, any attempt to attach any blame to the commercial banks on the charge of failure of duty is very unfair.

Another point is that the banking policy is such an important policy that it seems to me that it should be discussed and approved by the Parliament. A policy is not something which changes from day to day. The basic policy, the fundamental policy continues for some period of time and it should not be difficult for the Government to come to the Houses of Parliament and give the Parliament a chance to discuss it. Secondly, even

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conceding that other sectors of economy such as agriculture and small-scale industries should get a larger share of the total bank credit, it should not be forgotten that the first and foremost duty of any banker is that the depositor's money should not be unduly risked or jeopardised.

SHRI A. P. CHATTERJEE : Are you quite sure about it?

SHRI M. K. MOHTA : I am quite sure, it is the depositors' money that goes into the loans advanced by the banks. We cannot lay down any principle by which their money can be unduly jeopardised. After fixing percentages for various sectors for giving them loans, if the management of the banks are unduly pressurised to give advances and loans without referring to the credit-worthiness of the intending borrowers, I am afraid the depositors' money would be risked unduly and the depositors would not have any trust in the bank and the whole system will be jeopardised.

I now come to another aspect of the Bill that deals with the management of the banks. According to the Bill, a Chairman of a commercial bank has to be appointed by the Reserve Bank and he can also be removed by it under certain conditions. There are two points that I would make in this connection. One is, any Chairman of a commercial bank should not be victimised merely by reason of his being opposed to the policy of the Reserve Bank. Secondly, he should be given an opportunity to appeal to a Judicial Commission if the Reserve Bank comes to the conclusion that he should be removed. Simply a provision that an appeal may be made to the Government of India is not sufficient, for the simple reason that for all practical purposes in this context the Government and the Reserve Bank are one and the same. Justice would not be done unless a reference is allowed to be made to a Judicial Commission.

Then certain restrictions have been placed on loans by commercial banks :o directors and to concerns in which

they are interested. Here there is a very glaring discrepancy that the substantial interest of a Director has been defined in absolute terms as gLso in terms of percentage of capital of the borrowing concern. The percentage of capital by itself is quite sufficient and any absolute figure mentioned in this connection would be absolutely wrong. Rs. 5 lakhs can be 10 per cent or may be only 1 per cent of the capital of a concern. So to insist on Rs. 5 lakhs would not be in the best interests of the banking industry or of the public as a whole.

By another provision it has been made obligatory on commercial banks to order liquidation of existing loans to a concern in which the directors are interested. In this connection I submit that the criterion must not be whether the concern has on its beard a director who is a director of a brink. The real criterion should be whether the loan is justifiable by applying the normal norms of banking. If it is not justifiable, by all means the advance should be recalled even before the time-limit that is laid down in the Bill. If it is justifiable, then there is absolutely no case for recalling it. By this clause there can be a great deal of upsetting in trade and industry and we will be running into problems unnecessarily.

Another provision which in my opinion is extremely objectionable is the provision for the nationalisation of any banks by executive order. I think this proposition is not only objectionable but also unconstitutional. It is the sovereign right of the Parliament alone to nationalise a concern or a class of concerns but the Government should not appropriate for itself this right of the Parliament by nationalising the concern by executive order. A good deal of harm and injustice can be done by delegating this authority to the Government. I am not sure whether it is *intra vires* the Constitution also and this is such an important provision in the Bill that I must oppose it with all the emphasis at my command.

I come now to the very controversial section, namely, 36AD. Much has been said inside and outside the Parliament regarding this section. The first point I would make is that it would be entirely wrong to term it as anti-labour or anti-workmen. The section does not say no workman shall do this that and the other. It says "no person". It includes not only workmen but all other people or groups of people who may indulge in these objectionable activities. Therefore it would be entirely wrong to say that it is in the nature of an anti-labour policy of the Government.

(Interruptions.)

The point that I would like to make is that the opponents of this proposed section would like an Open General Licence to be given to anyone and everyone to obstruct any person from entering any office or from carrying on business, an Open General Licence to anyone and everyone to hold indecent demonstrations or give incitement to the commission of any offence within the precincts of the premises or at those other places mentioned in the law. What I would like to say is that these anti-social activities, which are referred to in this proposed section cannot be allowed, not only in the case of banks but in the case of other essential industries also. I am very glad that the hon. Labour Minister is also present in "the House and I would urge him to have similar legislation in respect of all essential industries, the result of which should be that any group of people are not allowed to hold the society to ransom.

SHRI RIZAQ RAM (Haryana): Madam Deputy Chairman, I do not consider it necessary to dwell at length on the evils that have crept into the functioning of the Banking Companies Law. The very sponsoring of this Bill indicates and is positive proof and recognition of the fact that the Banking Regulation Act had not functioned in a manner which would have helped in bringing about a social structure in

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.]

the country, wherever there would have been no economic imbalances or concentration of wealth or economic power. Suffice it to say that many other speakers have given figures to show the extent to which big business houses have been controlling the functioning of these banks, and I do not want to repeat those figures or dwell at length on those lines. I shall simply say, Mr. Vice-Chairman, that the functioning of these banks has not been in a desirable manner. It has resulted in the concentration of wealth and economic power in the hands of a few industrialists and rich men, which is an undeniable fact. Therefore, some sort of a measure is required to remedy these evils, and to ensure that public money is utilised for the benefit of the community and for public good.

Mr. Vice-Chairman, Sir, this amending Bill, as it says, is meant to effect social control, over the working of the banks. Now, if a close study is made of the various provisions of this new Bill, it would appear that this Bill falls far short of the requirement of the times and it has so many shortcomings that it would fail to achieve the objective in view. If we look at the main features of the Bill, we will notice, Sir, that in this new Bill "banking policy" has been defined, and in the Definition Clause 2 "Small-scale industrial concern" and "substantial interest" have also been defined. If you closely scrutinise the definitions of these three terms, it would be clear that the will to wrest power from the hands of the capitalists and big business houses is seriously lacking. The 'Banking policy' as defined is quite vague and you will be surprised to see, Sir, that the definition of "small-scale industrial concern" is most obnoxious. The very concept of a small-scale concern has been radically altered here. Sir, the definition given here is:

"small-scale industrial concern" means an industrial concern in which the investment in plant and machinery is not in excess of eleven and

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a half lakhs of rupees or such higher amount, not exceeding twenty lakhs of rupees; * * *

So a small-scale industrial concern would be one in which the total investment in plant and machinery alone could be to the extent of twenty lakhs of rupees. This excludes investment in land, in buildings, in raw materials and the other working expenditure. So if we term such an industry a small-scale industrial concern and yet we claim that we want to wrest power from the hands of big businessmen, it will simply be a hoax and a fraud on the people of this country. If there is no real will to control the working of these banks, it would be better to drop this Bill altogether. It is clear that the Government does not want to wrest power from the hands of the capitalists.

Similar is the definition of "substantial interest" :

'Substantial interest',—

"in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid-up on which exceeds five lakhs of rupees * * *"

Now, Sir, "the holding of a beneficial interest by an individual or his spouse or minor child" the Bill provision says that much and stops there. Why should not the shares of major sons and daughters also be accounted for? Why not the shares of father or mother? Why not those of the sons' wives? Why have they been excluded? You confine it to "an individual or his spouse or minor child" and you restrict the amount of their shares only to substantial interest. It is strange that a joint Hindu family consisting of father, major sons and grandsons although having an investment of up to one crore of rupees, will not be deemed to have substantial interest. So it is a mockery to suggest that through this Bill the power of controlling the bynks is being taken away from the big busi-

ness houses and it is being given to the common man. It is quite wrong to suggest like that. The other main clause -is in relation to the composition of Board of directors, and the Bill has been commended by many hon'ble Members with regard to the proposed Section 10A and 10B, the clause (5) or 5.20 relating to making advances and loans and clause relating to nationalisation of banks in certain events. Sir, if you peruse section 10A which is proposed to be introduced by clause 3, you will see that in the proposed subsection 10A. (2) it is laid down as follows :

"Not less than fifty-one per cent, of the total number of members of the Board of directors of a banking company shall consist of person," * * *

Here their qualifications are i-aid down. And then the proviso says that at least "two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry;" * * * While going through this clause can anybody say or suggest that a majority of the directors can be other than those representing big business houses? Forty-nine per cent, are reserved for them. And out of the 51 per cent you will see that "not less than two shall be persons" who represent agriculture, rural economy and cooperation or small-scale industry. What is small scale, industry ? Small scale industry, as I said just now, means an industry in which the total investment in plant and machinery alone does not exceed Rs. 29 lakh?. Other investments can be up to one crore or two crores or any greater amount. By using the word 'small scale industry' the very spirit and purpose of this provision is frustrated, namely, that at least two representatives having practical experience or special knowledge of agriculture and rural economy would be on the Board. That has been wisely circumvented by putting in the words 'or small scale industry'. Similar is the case with the proposed prohibitions in this provision debarring persons having substantial

interest in any company which is not a small scale industry. Therefore this section 10A as is proposed to be introduced will not improve the affairs of the banking companies in any way. These prohibitions are just in name. I would respectfully submit that these are simply eye-wash and would not improve the situation at all in any way. The Board of Directors as they are constituted today would continue to be there and they would be representing the big business houses and big industrialists. There would be no improvement at all.

The other change which is much boasted about is with regard to section 10B in clause 3 of the Bill. That provides that instead of a Secretary or Treasurer the management of the bank would be entrusted to a Chairman of the bank. Now what is in a name? He may be termed a Chairman, a Managing Director, or a Managing Agent. This by itself can make no difference. The question to be considered is whether by this change you are bringing about any change in the method of management, the banking policy to be pursued or in the power to manage the bank. It is provided in this provision that the Chairman shall exercise his powers subject to the superintendence, control and direction of the Board of Directors. I pointed out just now that despite the prohibitions contained in Section 10A the majority in the Board of Directors will be those representing big business houses and industries and so what is the difference? The Chairman will be subject to their control and therefore there will be no improvement. I do not know for what purpose these provisions are being introduced; they do not bring about any improvement in the situation. Nobody can expect by these provisions that there would be any improvement in the working of the banking companies. So by these changes, I would respectfully submit, no improvement can be expected.

Then the other crucial clause is clause 5 which relates to advancing of loans. Sir, you compare for yourself the existing section 20 with this new

provision. There is nothing new in clause 5 except for paraphrasing the old provision, and classification thereof under (i), (ii), (iii) and so on. There is absolutely no difference between the old section and the new one which is proposed to be put in. If you permit I may read it out and show. . .

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : No, no. You have already taken your time.

SHRI RIZAQ RAM : I would only submit that there is absolutely no difference between the old and the new provision.

Then comes this power of nationalisation.

THE VICE-CHAIRMAN : (SHRI AKBAR ALI KHAN) : You must finish now.

SHRI RIZAQ RAM: I am finishing in one or two minutes; I seek your indulgence.

SHRI ARJUN ARORA : This is his maiden speech.

SHRI RIZAQ RAM : Here power has been given to the Government to take over the banks in certain event, when they defy or violate the directions issued by the Reserve Bank. In this also there is nothing new because the Reserve Bank has already got ample powers. It has got the power to cancel the licence of any bank; it has the power to move for the winding up of any bank. Under sections 21, 35, 35A, 35B, 36, etc. it has the power to issue directions to banks regarding the purpose for which loans are to be advanced, the rate of interest to be charged and for holding fresh elections and making changes in the management. Even the appointment of the Chief Executive Officer is subject to the approval of the Reserve Bank. So the Reserve Bank has got ample powers even now. I would pose just one question to the Finance Minister. In what manner have these powers been used so far ? The Reserve Bank is already vested with ample powers, powers which have been criticised by many of

[Shri Rizaq Ram]

my colleagues that vesting the Reserve Bank with such big powers might be prejudicial to the fair functioning of the banks. But in what manner have those powers been used so far? Can we repose our confidence in the will or intention of the Reserve Bank to effect social control if they are to be vested with more powers? I have grave doubts because ...

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You must close now.

SHRI RIZAQ RAM : Sir, I am closing. The Reserve Bank itself is managed by persons who represent big business houses. There is no prohibition about the membership of the Board of Directors of the Reserve Bank. All the members of the Board of Directors of the Reserve Bank are nominated by Government; there is no prohibition whatsoever. The Governor, the Deputy Governor, they are all nominated by the Government and therefore any policy...

SHRI LOKANATH MISRA : The Governor, The Deputy Governor, they are all officials.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Now, Mr. Rizaq Ram, please sit down.

SHRI RIZAQ RAM : I am just finishing. The Governor is in charge of implementing the policies of the Government; he is the Chief Executive Officer of the Bank. Therefore unless we make radical changes in the set-up of the Reserve Bank and also give guidelines to the Bank, I think the present amending Bill will serve no purpose. It will be a useless piece of legislation and the sooner it is withdrawn the better it will be.

Thank you.

**ENQUIRY RE PRIME MINISTER'S
STATEMENT ON CZECHOSLO
VAKIA**

SHRI LOKANATH MISRA
(Orissa) : Sir, we were intimated that the Prime Minister is to make a state-

ment on occupation of Czechoslovakia by Soviet Russia. What happened to it? We were told that about 3 o'clock she would be coming and making a statement. My purpose in raising this matter is once it is raised in the other House the Prime Minister may remain engaged there and she may not be able to come here. Why not make the statement first here because we are going to discuss the matter tomorrow. She can make the statement today, we can listen to her and take it up tomorrow.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : I understand the Prime Minister is making a statement at 5 o'clock in the Lok Sabha and after that she is coming here to make the statement.

श्री राजनारायण (उत्तर प्रदेश) : श्रीमन्, एक जानकारो करना चाहता हूँ। जब साढ़े पांच बजे प्राइम मिनिस्टर यहां पर बोलेंगी तो उस पर कोई चर्चा कब होगी। यह क्यों न रखा जाय कि जो कालिग अटेंशन हम लोगों का है उस पर कल हम लोग बात करें और प्राइम मिनिस्टर उसका जवाब दें...

श्री लोकनाथ मिश्र : कल सारा दिन उस पर डिस्कशन होने वाला है।

श्री राजनारायण : होने वाला क्या है, वह भविष्य में है। मगर जो हमारा राइट है उसको मैं कहना चाहता हूँ। जब चेयर ने यह कहा कि कालिग अटेंशन हमने कल के लिये मंजूर कर लिया और 3 बजे प्राइम मिनिस्टर नहीं आई हैं और अब वे आयेंगी साढ़े पांच बजे, तो साढ़े पांच बजे के बाद कितनी देर तक सदन चलेगा। अगर यह हो कि कल पूरा दिन बहस इस पर हो और चेयर यह बताये कि कल पूरा दिन इस पर बहस होगी, तो ठीक है।

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : I have considered your point.

श्री राजनारायण : आपने क्या मेरा प्वाइन्ट कंसीडर कर लिया ?